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Disney's $578 Million Tax Break Left Untouched in DeSantis Feud.

- **State benefit defrays costs of relocating staffers to Florida**
- **Entertainment giant is moving 2,000 of its employees**

Florida Governor Ron DeSantis may have put a bull's-eye on special perks that Walt Disney Co. has enjoyed in his state for more than 50 years, but he's keeping his hands off hundreds of millions of dollars in tax breaks recently lavished on the entertainment giant.

On Friday, DeSantis signed legislation to end a special municipal district Disney has operated in the state since the late 1960s. It's part of a drive to punish the company for speaking out against a law, championed by the governor, that bans discussion of sexual orientation or gender identity in kindergarten to third-grade classrooms.

But for now, at least, DeSantis is leaving alone another valuable perk: $578 million in credits Disney can use to reduce its state income taxes through 2040. Christina Pushaw, a spokesperson for the governor, said DeSantis hasn't asked the legislature to repeal the tax credits because "it's not a carve-out for a specific corporation." Any company can apply for the incentives, she said, and "the bigger investments will qualify for the bigger tax credits."

Florida economic development officials certified the credits in February 2020, according to documents obtained by Bloomberg News under a public records request. In its application for the incentives, Disney cited plans to move as many as 2,000 staffers, making an average of $120,000 a year, to a new corporate campus in the state. The campus will be in Lake Nona, about 20 miles southeast of downtown Orlando.

The company, one of the state's largest employers because of its theme parks there, is investing $864 million in the relocation, including office construction, supplies and software improvements. Disney considered other states, including California, New York and Connecticut.

The incentives were an "integral part of the overall decision in determining the location of this project," the company said in its application. It declined to comment further.

DeSantis, a Republican who is seeking re-election this year, has been at war with Disney since the company was pressured by employees to speak up about the school bill in early March. The governor, who is considered a likely candidate for president in 2024, has also said he regrets signing 2021 legislation that exempted Disney from a bill preventing social media companies from banning candidates from their platforms. Lawmakers removed the exemption in the special session this week.

The legislation signed Friday calls for dissolving Disney's Reedy Creek Improvement District, but leaves some crucial questions unanswered, like what will happen to the $1 billion in bonds backed by the district and who would take care of the services the company currently provides?

Who Pays?

If the district is dissolved, Florida taxpayers will likely bear the cost, according to Fitch Ratings. Orange and Osceola counties will likely assume title to all municipal property and debt of the district, which provides power, water and other services to the Walt Disney World resort complex.

“Fitch believes the mechanics of implementation will be complicated,” the ratings agency said in a research note Friday.

At a signing event for the bills on Friday, DeSantis said residents shouldn’t be concerned about the services provided by the improvement district. “We’re going to take care of all that,” he said. “Don’t worry. We have everything thought out.”

Anna Eskamani, a Democratic state representative, said in interview that not every business can qualify for the tax credits Florida offered Disney because they have high requirements for investment and job creation. The governor could ask the legislature to consider repealing them, if he wanted.

“He has never prioritized to close corporate tax loopholes,” Eskamani said. “If he really wants to create an even playing field, these are issues that I’ve been bringing up since my first days in office.”

Florida’s Risk

Challenging the tax credits could lead Disney to abandon plans to move the 2,000 workers to the state. The relocation has been controversial at the company, with many park designers presently in California preferring not to pack up and go to Florida. The issue has been one of the underlying elements fanning the internal opposition to the Florida schools bill, with a website created by employees specifically asking the company to halt the move.

Democratic governors meanwhile are seizing on the irony of DeSantis beating up on Disney for corporate perks, while also trying to lure its jobs. “THIS is what ‘business friendly’ means?” California’s Gavin Newsom said in tweet after DeSantis asked the legislature to disband Reedy Creek.

“In CO, we don’t meddle in affairs of companies like @Disney or @Twitter,” Colorado Governor Jared Polis said on Twitter. “Hey @Disney we’re ready for Mountain Disneyland.”

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By Christopher Palmeri

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